

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE)	
REACTIVATION OF THE MEDICAL)	ORDER APPROVING
MALPRACTICE REINSURANCE)	REACTIVATION OF THE
ASSOCIATION)	ASSOCIATION

This matter has been opened by the Commissioner of Banking and Insurance (“Commissioner”) pursuant to N.J.S.A. 17:30D-1 et seq., and all powers expressed or implied therein, related to a determination whether the New Jersey Medical Malpractice Reinsurance Association (“Association”) should be reactivated solely to provide reinsurance. A public hearing was held on August 6, 2003 to receive comments with respect to whether the Association should be reactivated solely to provide reinsurance to medical malpractice liability insurers in this State. I have reviewed the Hearing Officer’s Report dated September 10, 2003 regarding this matter, and concur with the recommendations set forth therein.

THEREFORE, IT IS on this 10th day of September, 2003 Ordered that:

1. The Medical Malpractice Reinsurance Association is reactivated for the sole purpose of providing reinsurance to medical malpractice liability insurers authorized or admitted in this State;
2. The Association shall provide reinsurance in accordance with commercial reinsurance standards and its reinsurance contracts shall contain commercially reasonable terms and conditions;

3. All reinsurance contracts negotiated by the Association shall be subject to review and approval by the Department of Banking and Insurance (“Department”) prior to execution;

4. The Association shall engage the services of an experienced reinsurance manager or management firm to manage the reinsurance program of the Association, which manager shall be approved by the Department prior to engagement;

5. Contracts for reinsurance issued by the Association shall be for a duration not to exceed one year, which may be renewed thereafter with approval of the Department. Upon a determination by the Commissioner that there is sufficient availability of reinsurance for medical malpractice liability insurers in this State, the Commissioner shall order that the Association be deactivated for such purpose;

6. A Board member shall be prohibited from participating in discussions about and voting upon a contract of reinsurance with that member; and

7. Pursuant to N.J.S.A. 17:30D-7d, the Governing Board of the Association shall file amendments to its Plan of Operation for approval by the Department within 14 days to reflect that the Association has been reactivated solely to provide reinsurance, to reflect any changes to the plan as may be necessary to comply with the terms of this Order, and any other changes that the Governing Board believes reasonable and appropriate consistent with the terms of this Order;

8. The Department shall continue to monitor and evaluate the participation and market shares of insurers transacting medical malpractice liability insurance in this State, as well as their financial stability and the business plans of domestic insurers, in order to promote the stability and viability of insurers and the market.

9. The Commissioner may modify the terms of this Order as deemed necessary and appropriate to effectuate the purposes expressed herein.

Holly C. Bakke
Commissioner

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